SHAKEOUT

FROM PAGE 2

the face of domestic and Japanese competition, a depressed dollar not expected to soon recover against European currencies, possible trade restrictions, and new concerns about quality.

Meanwhile, a conservative count of various sales objectives puts the combined target for the Europeans in the U.S. luxury market at nearly 900,000 by 1990.

Carleric Haggstrom, executive vice president in charge of long-range marketing planning at Volvo Car Corp., predicts 3-5 percent annual growth for the over $15,000 class in the United States, even if the overall market stays at about 11 million. But not all growth will be demand-driven, he said. Some will result from more aggressive marketing spurred by oversupply in the segment.

"If you add the ambitious plans of all the manufacturers, 3-5 percent growth annually isn't enough," said Haggstrom. "The segment size isn't big enough so the competition will be more fierce. We will have to face the facts. I don't think all the goals can be realized."

Gunter Kramer, BMW's board member responsible for worldwide sales, acknowledged that there will be greater competition. But he added, "We're happy to have Sterling in. Hopefully, Lancia will get a chance, too."

He said, "It will be very tough, but we must leave the decisions to consumers. We certainly face an over-capacity in the world market place."

The major European luxury-class exporters — Mercedes, BMW, Audi, Volvo, Saab, Porsche and Jaguar — sold 471,476 cars in the United States last year, compared with 437,873 in 1985. The same seven companies sold 217,420 in 1980.

Lincoln-Mercury's Merkur franchise, Peugeot and Alfa Romeo combined for sales of another 36,-852 cars last year.

Though most industry analysts expect U.S. luxury-car segments to grow faster than the overall market, some feel the upper limits are at hand.

"I tend to think the (European) imports have peaked, or very close to it," said Dupont. "Everyone looks at the U.S. as the big cash cow, but something has to give. It is just not possible for everyone to come along and sell 100,000 cars a year at $20,000 apiece."

The consensus, however, is that the segment will continue to grow.

"It would take something like a Wall Street crisis to prevent it," said Daniel Jones, an auto industry specialist at Britain's University of Sussex.

Porsche AG chairman Peter Schutz cited demographic data showing that the population of entreprenurial types who comprise Porsche's customer base will grow 25 percent to 40 percent over the next five to six years.

"If that's true, then the basic market for our type of product is growing," he said.

"It is less clear to me that there will be a shakeout in the (luxury) market itself," added Wormald. "I'm not sure demand will abate and I'm not sure there will be a terribly effective counterattack from the U.S., and the Japanese threat is more long-term."

But even a robust appetite for European nameplates is unlikely to gobble up everything Europeans will have to sell in 1990.

A fall in value of 40 percent by the dollar against the German mark since January, 1985, has reduced the Germans' competitiveness.

"I think the Germans will flatten out a bit," said Jones, who estimates that Mercedes and BMW will each add about 10,000 in U.S. sales between now and the end of the decade.

Dupont is less optimistic about the Germans.

"If they can hold on to the volume they have now they would be doing well," he said.

Mercedes sold 99,314 cars in the United States last year; BMW, 96,-759. The two companies have a combined increase of 116 percent in the United States since 1980.

A Mercedes spokeswoman in Stuttgart said only that the company plans to "slightly increase" U.S. sales in the coming years, but she declined to cite an official target for 1990.

Audi America sales fell 20 percent last year, but Audi hopes it will rebound quickly with the new Audi 4000 set for a U.S. debut.

Porsche sold 30,471 in the United States in 1986, up from 25,-173 in 1985, and nearly a three-fold increase since 1980.

Schutz said Porsche's U.S. sales will rise to 34,000-35,000 "over the next few years." While he thinks there is room in the marketplace for Porsche to go even higher, Schutz said it will not happen without new products or technological developments.

The weak dollar may stall a GM program to market Opels through Cadillac dealerships, and could also play havoc with Ford's plans to sell 100,000 Merkur- and Scorpio-badged models from Germany by the end of the decade.

A Ford of Europe source conceded recently that the original 100,000 end-of-decade Merkur/Scorpiosales objective has probably been lowered.

Prospects for Sweden's Volvo and Saab seem brighter. Saab, with U.S. sales of 47,414 last year, expects to be selling at least 60,000 by the end of the decade.

Volvo, the leading upscale importer in the United States with sales of 113,257 last year, could rise to 140,000 by 1990, said Jones. Volvo will begin selling its Dutch-built 480 coupe in the United States late this year, extending market coverage to the low end of the prestige range.

Haggstrom said Volvo expects to continue to increase its U.S. market by 7 percent to 8 percent annually, putting U.S. sales at about 150,000 in 1990.

Jaguar expects to be selling at least 30,000 cars in the United States annually by 1990, based on plans to be producing more than 60,000 annually at that time.

But European automakers expecting to repeat the sharp growth created by the yuppie uprising of the early 1980s could be in trouble.

Peugeot, now selling fewer than 15,000 cars in the United States, is aiming at 40,000-60,000 by the end of the decade. Austin Rover's U.S. distributor says it could go from zero to 80,000-90,000 by 1990.

Renault will try to penetrate the lower part of upscale market with the Renault 21 (Medallion in the United States). It hopes to sell 50,-000 this year in the United States. Alfa Romeo, teamed now with Lancia under the Fiat Auto umbrella, would go from 8,201 cars last year to 55,000-60,000 by 1991. Merkur would rise from 14,315, possibly to 100,000.

Should Citroen enter the U.S. market with its next-generation CX, and Opel with its replacement for the Senator due this spring, competition will become even more fierce and European exclusivity will be threatened.

As it is, the U.S luxury sector is far from a readymade market for European nameplates. Lincoln-Mercury's troubles with Merkur suggests that a German heritage alone does not guarantee success. Peugeot has languished for lack of a status symbol image in the United States. And Audi's lapse in 1986 shows the sensitivity of buyers in the segment to perceived quality blemishes.

A European shakeout could be decided on quality issues, according to Jones. Even the Germans will have to pay attention. Daimler-Benz has of late had disquieting publicity in European car buff books about quality, a problem analysts pin on rapid increases in volume.

"The Germans have the price elasticity to survive the currency exchange," said Jones. "But what might hurt is a decline in quality. We're hearing quite a bit about problems at Daimler, BMW and Audi and it is probably a bit of complacency. They can't afford to let quality slip."

Industry observers believe reputations for high quality are crucial to the success of Austin Rover, Alfa-Lancia, Peugeot and Renault. Though improving, the production quality of British, French and Italian cars is said to lag behind that of the Germans.

Jaguar's revival in the United States has been founded not only on quality improvements, but on a strong dealer-distributor support network that boosts customer satisfaction scores. The Rover Sterling will need the same kind of support system to succeed in the United States, say analysts.

"Jaguar has done a good job with its distributors and that is an interesting lesson for Austin Rover," said Jones. "The Rover Sterling is a good car, but a very complex one. The car is going to have quality problems and they know it."

Jones said he would be surprised if Rover can achieve 1990 sales of 80,000-90,000, but predicted "something much more modest — 40,000 if they're lucky."

Renault's prospects as a high-volume exporter to the United States depend on maintaining its partnership with American Motors, an issue expected to be decided early in new chairman Raymond Levy's tenure.

Without AMC's dealer network, Jones said Renault has little hope of developing into a major exporter. He also termed Peugeot's goal of reaching 50,000 by 1990 "overambitious."

"I don't think they will sell more than 20,000 by the end of the decade — 30,000-40,000 at the outside," he said.

Jones called Alfa-Lancia's plans to sell 55,000-60,000 annually unrealistic, pegging it at "10,000-15,-000, maybe a bit more than that." He added, "I need some evidence that they are not just the bottom of the pack on quality."

Jones predicted solid growth for Saab, though he added that 60,000 by 1990 could be a bit optimistic. Volvo, with the new 480 coupe from Volvo in the Netherlands, could increase to 140,000, he said.

New protectionist sentiment in the U.S. Congress could impact the strategies of those European makers selling over 100,000 cars annually. "I think they are actually more nervous about trade policy than they are about currency," Jones said.

"Trade restrictions could happen," added Dupont. "No doubt GM is being squeezed on one end by the Far East and at the other by the Europeans."

Dupont said he expects U.S. producers "to get more attuned to what people are looking for in that segment. My gut feeling is that the thing has topped (for the Europeans.)"

European prestige imports:

The record and the future

Manufacturer	1985	1986	1990
Alfa-Lancia	4,523*	8,201	55,000— 60,000
Audi	74,061	59,797	75,000— 90,000
Austin Rover	—	—	80,000— 90,000
BMW	87,873	96,759	110,000
Jaguar	20,528	24,464	30,000— 33,000
Mercedes-Benz	86,903	99,314	110,000
Merkur	8,974	14,315	80,000—100,000
Peugeot	15,536	14,336	40,000— 60,000
Porsche	25,173	30,471	33,000— 35,000
Renault	7,205	4,152	50,000— 70,000
Saab	39,068	47,414	60,000— 65,000
Volvo	104,267	113,257	140,000—150,000
TOTAL	474,211	512,480	693,000—973,000

The 1985-86 figures are actual sales. The 1990 figures are various independent estimates. In addition, GM's Adam Opel and Peugeot group's Citroen division may become importers during the period.
*—Includes 21 Lancia cars.

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PROFESSIONAL SERVICE EQUIPMENT

SALES

Canada '86: Truck sales up 7%, cars coast downward

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Domestic new-car sales in Canada for calendar year 1986 dropped 3.71 percent below the 1985 total, while new-truck sales rose 7.19 percent for the year.

Canadian new-car dealers delivered 773,015 cars in 1986 compared to 802,800 in 1985. New-truck sales in Canada totaled 354,441 in 1986 compared to 330,657 in 1985.

"I'd say we've had a pretty normal sales swing, where the United States has had an abnormally high sales year with sales incentives and tax incentives," said Dennis DesRosiers, a Canadian automotive analyst.

"Canadian automotive sales peaked last summer and slowed down the rest of the year. I would expect that to continue, but with no drastic drops in sales," DesRosiers said.

December new-car and new-truck sales in Canada also showed a decline. Canadian dealers delivered 42,999 cars in December, down 12.99 percent from December 1985, and 25,627 trucks, down 4.67 percent from the year-ago-month. Both Ford Motor Co. and Chrysler offered incentives on cars and trucks in December, but sales were below year-ago levels.

All domestic automakers except General Motors showed a decline in Canadian car sales for 1986. GM was up 1.19 percent.

MARKET SHARES
December 1986

Cars	
General Motors	45.82%
Ford Motor Co.	28.11%
Chrysler Motors	23.56%
American Motors	1.83%
Volvo	.68%
Trucks	
General Motors	36.39%
Ford Motor Co.	39.07%
Chrysler Motors	18.73%
Jeep	5.81%

On a percentage basis, American Motors had the biggest year-to-year drop, falling 40.45 percent. Chrysler's car sales dropped 11.26 percent.

Ford and Volvo experienced modest sales losses for 1986.

Ford domestic-car sales fell 2.33 percent in 1986. Ford Tempo was the best-selling car in Canada in 1986 with 41,854 units. Ford continued to offer incentives in Canada through December despite the expiration of many GM incentive programs in October.

Volvo sales dropped 6.21 percent, falling from 8,012 in 1985 to 7,514 in 1986. A Volvo spokeswoman attributed the dip to a shortage of cars.

On the other hand, three of Canada's four domestic truckmakers showed sales increase in 1986 over 1985. Chrysler was the only company to show a decline as its truck sales were off 1.51 percent. Chrysler dealers sold 62,737 trucks in 1986 compared to 63,702 a year earlier.

AMC had biggest percentage increase. Jeep sales rose 32.79 percent to 15,202 from 11,448 in 1985.

Both GM and Ford reported 8 percent increases. GM sold 151,876 trucks in 1986, up from 140,323 a year earlier. Ford sold 124,626, up from 115,184. The Ford F-series pickup was Canada's best-selling vehicle — car or truck — last year with 49,022 units sold.

DesRosiers said a good business climate and the popularity of compact vans boosted 1986 new-truck sales in Canada.

CANADIAN SALES

	Dec. 1986	Dec. 1985	Pct. Change	12 mos., 1986	12 mos., 1985	Pct. Change
AMC						
Cars	785	78[illegible]	+.0152	13,161	22,103	−40.45
Jeeps	1,488	1,212	+22.77	15,202	11,448	+32.79
CHRYSLER						
Cars	10,132	10,118	+.0138	161,753	182,290	−11.26
Trucks	4,801	4,708	+01.93	62,737	63,702	− 1.51
GM						
Cars	19,700	25,293	−22.11	401,787	397,076	+ 1.18
Trucks	9,326	11,850	−21.30	151,876	140,323	+8.23
FORD						
Cars	12,090	12,806	−5.59	188,800	193,319	− 2.33
Trucks	10,012	9,115	+ 9.84	124,626	115,184	+ 8.20
VOLVO						
Cars	292	422	− 30.80	7,514	8,012	− 6.21
TOTAL CAR	42,999	49,420	−12.99	773,015	802,800	− 3.71
TOTAL TRUCK	25,627	26,885	− 4.67	354,441	330,657	+ 7.19

Low Taurus supply hurt '86 Ford sales

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co., while reporting strong sales for 1986, said deliveries could have been higher if Taurus and Sable had made their debut sooner.

"Our car sales did not match the industry's full-year 4 percent gain, primarily because of the Taurus-Sable start-up mode in the early months," the company said in a report on 1986 sales highlights.

Taurus and Sable were introduced Dec. 26, 1985, and supplies were limited in the early months of 1986.

Ford said its new-car market share hit 21.2 percent in December, well above its 18.2 percent share for the year. Taurus-Sable contributed 5.5 percent in December, as Taurus was the industry's top selling car, Ford said.

Ford Division delivered 1,397,141 cars in 1986, which amounted to 0.78 percent gain from 1985. Lincoln-Mercury's 683,681 deliveries (including Merkur) were down 1.44 percent.

Escort was the No. 2 selling car last year behind Chevrolet Celebrity. The 402,181 Escort sales were the best for any small car and just 6,765 units shy of first-place Chevrolet Celebrity.

In one of the industry's long-time sales rivalries, Lincoln gained on Cadillac. In 1986 Lincoln had 58 percent of Cadillac's sales volume, up from 55 percent in 1985, Lincoln-Mercury Division said.

The division's domestic luxury-car sales set a calendar-year record of 177,584 units, highest since Lincoln-Mercury's founding in 1922. Lincoln Town Car led the way with record sales of 133,175, which amounted to 1.2 percent of industry sales, the division said.

Lincoln-Mercury set several records in 1986.

"Among highlights was a 26-percent sales increase for the fourth quarter from a year earlier, the best for any domestic division.

"In December, Lincoln sales were a record 91 percent of Cadillac Division. In addition, Town Car sales of 17,278 were a record for any month and reached a record share of 1.8 percent of industry," the division said.

Rolls-Royce sales up 9.5% in 1986

LYNDHURST, N.J. — Rolls-Royce Motor Cars reported that sales of its Rolls-Royce and Bentley models increased 9.5 percent in 1986.

The company sold 2,603 cars in 1986 compared to 2,377 in 1985, an increase of 226 units.

In the United States, Rolls-Royce's largest market, the company sold 1,155 cars in 1986 compared to 1,110 in 1985, for a 4 percent increase.

Robert Schwartz, president and chief executive officer of Rolls-Royce here, said sales should remain stable during the next year, but Bentley sales should substantially increase for 1987 in the United States.

Schwartz said the company expects annual Bentley sales in the United States to reach 500 by 1990. About 150 sedans have been allocated for this model year.

Rolls-Royce introduced a new Bentley Eight model last fall in New York.

Chrysler hits peak for car-truck sales

DETROIT — Chrysler Corp. said it sold an all-time record 1,905,150 vehicles in the United States during the 1986 calendar year. The previous high was 1,901,633 in 1973.

Chrysler's total car sales of 1,308,991 units were up 5 percent over 1985 and were the best since 1976 when 1,324,672 cars were sold.

Tom Pappert, Chrysler group vice president of sales, said, "Our Dodge and Chrysler-Plymouth dealers have done a great job. The introduction of the mid-size Dakota truck and the new Plymouth Sundance and Dodge Shadow models helped put us over the top.

"And we have more all-new products in 1987. For starters, the V-6 Plymouth Voyager and Dodge Caravan were added to our mini-wagon line in January, and the Chrysler LeBaron coupe debuts in February, with more new products scheduled each month for the first half of the year.

"We're looking for another strong showing in 1987."

Chrysler said its domestic car sales of 1,173,463 units in 1986 represented a 3 percent increase over 1985 and were the third highest in the company's history.

The company said that it increased its share of the total car market, including imports, to 11.5 percent in 1986, its sixth straight annual gain. Chrysler said it was the only domestic manufacturer to increase its domestic car sales and market share over the previous year in 1986.

Dodge Division sold more than one million vehicles for the first time in history, selling 525,462 cars (including imports) and 486,076 trucks for a total 1,011,538 units.

Total truck sales of 596,159 were second to the company's all-time high of 606,388 in 1985.

The company said its December truck sales of 65,184 were an all-time monthly high and were up 36 percent over the previous December.

Chrysler increased its share of the subcompact and compact segments during 1986, with the Plymouth Reliant and Plymouth Horizon the top sellers among company nameplates. Sales totals were 130,043 for Reliant and 111,092 for Horizon.

After the America models were introduced in May, sales of Horizon and Omni increased 82 percent through December compared to the same period in 1985. Chrysler said its share of the domestic subcompact segment rose 3.2 percentage points, from 5.3 percent to 8.5 percent during the period.

For the year, Omni sales increased 37 percent; Horizon was up 31 percent; and Dodge 600, Plymouth Caravelle, Chrysler LeBaron and New Yorker also scored gains, along with the imported Vista (49 percent) and Colt captive imports.

The Dodge Caravan was Chrysler's best-selling truck line with sales of 115,964, followed by the Plymouth Voyager at 110,083 and the Ram pickup at 106,451.

The Ram Van, Ram 50, Voyager and Caravan all had sales increases during 1986 over the prior year.

Sales of the trucks Chrysler imports from Mitsubishi Motors Corp. were a record 83,474, a 19 percent increase over 1985, and the third consecutive annual increase.

String of records continues for Saab

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Last year was not one highlighted by a great deal of sales record-breaking activity in the United States, but the 359 Saab dealers here did manage to put some new material in the record books.

They retailed 47,414 cars in the year compared with the previous record of 38,243 cars set by sales of 350 dealers in 1985. Tourist deliveries in 1986 totaled 837 units down from 1,021 in 1985, the company said.

The sales figures include cars sold by Saab dealers in the United States but delivered abroad. Those cars usually are bought by tourists, members of the diplomatic corps and business people who drive their cars in Europe then have them shipped home. Under Saab's plan, delivery can be in any of 11 European cities, the company said.

"U.S. Saab dealers set consecutive sales records every month for the past 57 months, an unprecedented achievement," said Robert J. Sinclair, president of Saab-Scania of America, based in Orange, Conn.

"We are targeting sales of 50,000 cars in 1987, but how many we actually sell this year depends largely on continued expansion of factory production to meet demand in the United States," Sinclair said.

Saab's sales growth in this country has been spectacular. Since 1980, its year-to-year sales have grown steadily. They climbed 7 percent in 1981, 25 percent in 1982 and 42 percent in 1983. Sales in 1984 climbed 27 percent above those of the preceding year. In 1985, they rose 17.0 percent, and last year they were up 24 percent from year-earlier levels.

Saab-Scania also reported record sales on a worldwide basis for 1986. Its dealers around the globe delivered 126,000 cars, up 18.0 percent from the 106,600 cars sold a year before.

The company said sales of the Saab 900 line were about the same as those in 1985, but sales of the new Saab 9000 rose to 32,000 units in 1986 from 7,000 units in 1985.

Export sales of 97,000 units accounted for 77 percent of the total versus 80,000 a year before.

In Western Europe, excluding the Nordic countries, sales rose 25 percent. "Significant increases were reported from the four major European markets, France, Italy, the United Kingdom and West Germany. Sales in Switzerland, Spain and Austria also grew substantially," Saab-Scania said.

Jaguar sets record in U.S. and Canada

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Jaguar car sales, bolstered by improved availability, reached record highs in the United States last year and, in each month, set records in Canada.

The U.S. mark of 24,464 units meant the fifth record year in a row and compared with 20,528 units delivered in 1985.

In Canada, Jaguar sales totaled 2,032 units, up 54.5 percent from 1,315 sold in 1985.

"After a year in which every month and every model set new sales records, it's not surprising that 1986 was Jaguar Canada's best year ever," said John Mackie, Jaguar Canada president.

"What may be surprising is the size of the increase in a year when the Canadian market experienced a downturn from 1985, a record-setting year."

Jaguar's Canadian success was consistent across the model line, with each model setting records as the year progressed. Mackie said XJ-6 and XJ-6 Sovereign recorded a 40.6 percent increase, while deliveries of XJ-12 Vanden Plas increased 62.3 percent. Sales of the XJ-S Coupe and Cabriolet rose 88.2 percent.

"Repeating, let alone improving on, such success seems a difficult task," Mackie said. "But with the continued strength of our present models and the great interest already expressed in the new Jaguars that will be introduced in April, we are confident in predicting 1987 also will be very successful for us."

EXCHANGE

FROM PAGE 1

So far, as the yen has swung from 260 per U.S. dollar in early 1985 to about 150 now, the Japanese have sought to maintain market share at the expense of lower profits. Their price increases haven't kept pace with the currency changes. As the dollar declines against the yen, Japanese producers tend to raise the prices of their exports.

The fluctuations don't come without risks, however. Economists warn that a too-weak dollar could dramatically raise the price of imports, spur inflation and ultimately bring on a recession.

That possibility aside, the U.S. auto industry is finding itself more cost competitive as Japanese and European products become more expensive in the U.S. market. Some are trying to capitalize on the situation to create a long-term strategic edge.

"Some of our products are becoming competitive without us even lifting a finger," said General Motors Chairman Roger Smith. But that, he suggested, is not enough. "We want to get everything competitive on an economic basis, and then we don't have to worry so much about exchange rates."

The Japanese, meanwhile, will find it tougher to maintain their economic advantage. The current profit crunch could reduce outlays for new-car programs, observers say. Such a cutback could compromise the quality of their products eventually.

On the other hand, the Japanese auto industry, with its knack for thriving on adversity, could turn the current challenge to its own advantage by developing even leaner operations and reducing break-even points.

With a stronger yen, Japanese companies are also finding it much less expensive to build plants in the United States.

However, when a Japanese company is importing equipment from Japan for a plant in the United States, construction costs can rise. In Flat Rock, Mich., Mazda Motor Manufacturing (USA) has watched the price tag on its new assembly plant rise from $450 million to $550 million.

"It takes some counter-measures to cope with the high appreciation of the yen — and that's what we're doing," said Mazda spokesman Jim Gill.

Mazda is responding by cutting costs 10 percent worldwide in such areas as investment in plants and machinery while trying to boost overall efficiency. One area that will be spared deep cuts is research and testing. Mazda is also planning to produce more vehicles outside Japan and use more U.S. suppliers.

Several analysts said they expected further price increases on Japanese exports, and that will pose a challenge for dealers.

"I would not be at all surprised this year to see Japanese manufacturers begin incentives," said Edward Sullivan, director of automotive consulting at Chase Econometrics in Bala Cynwyd, Pa.

Sullivan also said that dealers selling Japanese cars will have to become more aggressive to maintain their sales pace in the face of higher prices. "It should be great news for the consumer," he said.

It also poses a dilemma for U.S. carmakers, who can either bolster profits by matching the Japanese price hikes or try to increase market share by holding the line on prices.

The falling dollar has had an impact in other areas. While domestic sales opportunities have improved, so have opportunities in overseas markets for U.S. exporters. American Motors' shipments of Jeep products to Europe increased 154 percent in 1986 from 1985, a spokesman said.

While the increase reflects stepped-up marketing and an improved overseas dealer network with AMC's French partner, Renault, the dollar's decline against European currencies also has played a big role. "We expect to do a hell of a lot better in 1987," the spokesman said.

Hyundai, the South Korean automaker that has fared very well since entering the U.S. market a year ago, also has a chance to better its position. Its price advantage over its principal competitors has improved between 11 percent and 26 percent since the car's introduction, said a Hyundai Motor America spokesman Ted Kade.

Unlike other currencies, the Korean won has dipped slightly against the dollar in the last year.

Still, Hyundai has raised prices on some models to adjust for the higher cost of parts it imports from Japan. "We are not completely free from the yen," said Kade.

Like the yen, the West German mark has fallen dramatically in the last 18 months, bringing challenges to exporters there. BMW has attempted to build cash reserves and develop improvements for its cars when the dollar is strong, said Thomas O. McGurn, spokesman for BMW of North America. When the dollar declines and the BMW price tag goes up, the company can offer an improved product to go along with the higher price tag.

"Our obvious strategy has been to manage the business risks that currency represents," McGurn said. However, that doesn't keep the company from making investments when the dollar weakens. BMW of North America is raising advertising expenditures and also is going ahead with a new headquarters in New Jersey.

As for U.S. suppliers, the dollar-yen change has brightened their outlook considerably. Suppliers report that doors that were formerly closed to them are now opening up.

"You sense a better reception," said Henry Dehr, vice president — manufacturing for Crotty Corp., a Michigan-based manufacturer of sun visors and interior trim. "These people who didn't want to talk to you before now want to talk to you."

But the chance to quote prices doesn't automatically translate into new business. Suppliers note that Japanese demands for quality are as stringent as ever. It can take several years before a part is tested and a deal is signed. By then, the currency situation could be far different than it was at the start.

"If you can find anyone who is willing to gamble on where the foreign currency rates are going to be in three, five, 10 years, they are either a genius or a fool," said one supplier.

The U.S. government's primary aim in pushing the dollar down is to shrink the nation's burgeoning trade deficit. Though the dollar's decline hasn't had much of an effect so far, economists point out that changes in the trade picture tend to lag behind currency fluctuations.

If the trade deficit does shrink, U.S. industries are expected to recapture some of the territory claimed by foreign competitors. That could mean more jobs for U.S. workers and, in turn, benefit the automotive industry in the simplest of ways: by putting more money in the pockets of potential car buyers.

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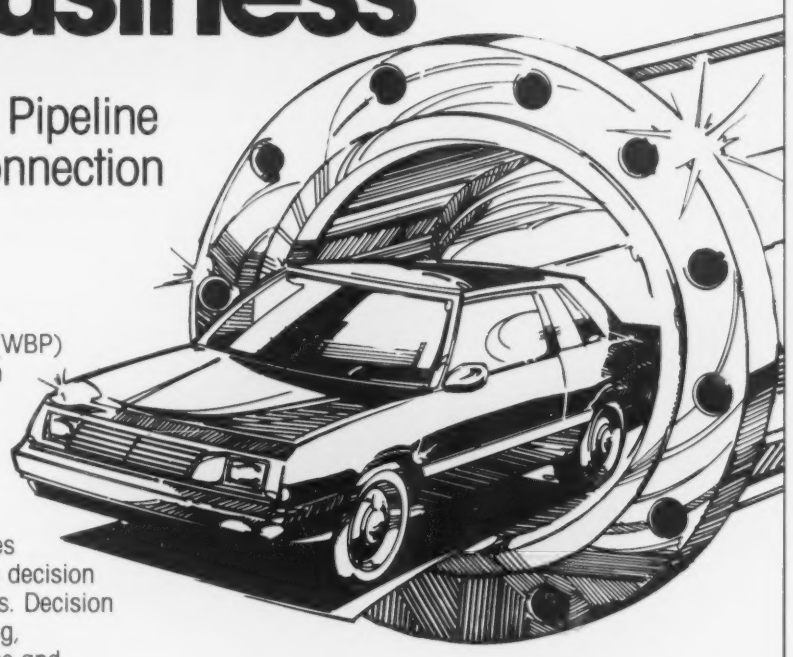

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AUCTION DATES

American Motors

Feb. 3 — D-A Auto Auction, New Stanton, Pa.

Feb. 4 — Minneapolis Auto Auction, Plymouth, Minn., and Kansas City Auto Auction, Kansas City, Mo.

Feb. 5 — Evansville Auto Auction, Evansville, Ind.; Todd Auto Auction, Telford, Pa., and Aptco Auto Auction, Taylor, Mich.

Feb. 11 — Columbus Fair Auto Auction, Columbus, Ohio, and Metro Milwaukee Auto Auction, Caledonia, Wis.

Feb. 12 — Corry Auto Auction, Corry, Pa., and Evansville Auto Auction, Evansville, Ind.

Feb. 13 — Floyd Hauhe Auto Auction, Bridgeton, Mo.

Chrysler Corp.

Feb. 3 — Hatfield Auto Auction, Hatfield, Pa.; Arena Auto Auction, Chicago; Metro Auto Auction of Kansas City, Lee's Summit, Mo., and Golden Gate Auto Auction, Fremont, Calif.

Feb. 4 — Butler Auto Auction, Gibsonia, Pa.; Minneapolis Auto Auction, Plymouth, Minn.; Columbus Fair Auto Auction, Obetz, Ohio, and Southwest Auto Auction, Phoenix, Ariz.

Feb. 5 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y., and Indianapolis Auto Auction, Indianapolis

Feb. 10 — Dallas Auto Auction, (special sale), Grand Prairie, Texas; Aptco Auto Auction, Taylor, Mich.; and NuCarPrep System, Santa Fe Springs, Calif., and Florida Auto Auction of Orlando, Ocoee, Fla.

Feb. 11 — Southern Auto Auction, Warehouse Point, Conn.; A.D.E. of Alabama, Boaz, Ala., and South Seattle Auto Auction, Kent, Wash.

Feb. 12 — Fredericksburg Auto Auction, Fredricksburg, Va.

Feb. 13 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Feb. 3 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

Feb. 4 — Northway Auto Auction, Clifton Park, N.Y.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn., and Golden Gate Auto Auction, Fremont, Calif.

Feb. 5 — Nashville Auto Auction, Nashville, Tenn., and Skyline Auto Exchange, Fairfield, N.J.

Feb. 11 — Concord Auto Auction, Acton, Mass.; Salt Lake Auto Auction, Salt Lake City; Brasher's Southern California Auto Auction, Fontana, Calif.; Columbus Fair Auto Auction, Obetz, Ohio, and Atlanta Auto Auction, Red Oak, Ga.

Feb. 12 — Arena Auto Auction, Chicago; Dallas Auto Auction, Dallas, and Southwest Auto Auction, Phoenix, Ariz.

General Motors

Feb. 3 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas, and 166 Auto Auction, Springfield, Mo.

Feb. 4 — Atlanta Auto Auction, Red Oak, Ga.; Clanton's Auto Auction, Darlington, S.C., and Omaha Auto Auction, Omaha, Neb.

Feb. 5 — Arena Auto Auction, Chicago; Ohio Auto Auction, Columbus, Ohio, and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Feb. 10 — Denver Auto Auction, Englewood, Colo.

Used Car Sales
Auction Averages

January 1987	$5,494
Month ago	$5,129
Year ago	$4,651

Model Breakdown
Auction Averages

	JAN 1987	DEC 1986	NOV 1986
1987	$13,158	$ 00	$ 00
1986	$11,481	$11,149	$11,299
1985	$7,054	$8,144	$8,286
1984	$5,811	$6,142	$6,186
1983	$4,995	$5,386	$5,420
1982	$3,599	$4,141	$4,190
1981	$2,614	$3,177	$3,244
1980	$1,997	$2,349	$2,387
Overall Average	$5,494	$5,129	$5,181

Analyst predicting boom for certain auto plastics

By Al Fleming
AUTOMOTIVE NEWS STAFF REPORTER

TOLEDO, Ohio — Lots of people are predicting growth for automotive plastics in the years ahead.

But James R. Best says he has a fix on the kinds of plastics that will make the biggest gains.

Best, president of Market Search Inc., headquartered here, recently completed a 633-page multi-client analysis of the industry.

He said, "Several segments of the automotive plastics market will see unprecedented growth over the next 5 to 10 years."

Those include exterior body panels, wheels, frame components, bumpers, headlamps, fuel tanks, flush window mountings, and a variety of underhood and interior applications, he said.

However, he cautioned, "This growth will also stimulate an unprecedented degree of plastics-versus-plastics competition. For each metal application that's vulnerable, there are several plastics materials and processes under consideration."

Based primarily on interviews with automotive engineers, Best said he can predict which plastics system will be the winner in each application.

His projections are based on U.S. and Canadian production of passenger cars and light trucks.

He said that consumption of fiberglass-reinforced thermoset polyester will surge from 176 million pounds in 1986 to 341 million pounds in 1996. Most of this growth, he said, will be in new all-plastics-bodied cars and vans, where consumption will skyrocket from 14.9 million pounds in 1986 to 186 million pounds in 1996.

Reinforced-epoxy structural applications are predicted to see an even higher, 295 percent, growth over the next 10 years, but from a smaller base of 5.1 million pounds in 1986.

Best said several thermoplastics areas will see important growth over the next 10 years.

Polypropylene consumption will increase by more than 66 million pounds in front- and rear-end systems.

Polyethylene consumption will increase by more than 28 million pounds in fuel tanks. Nylon-modified polypropylene will capture 18.6 million pounds of new business in fender applications.

Functional polycarbonate applications will grow by 16.2 million pounds, while headlamp lenses will add another 1.4 million pounds.

Additionally, polycarbonate/PBT alloy will see growth of more than 44 million pounds in bumper applications, and nylon will see more than 28 million pounds of growth in a variety of applications.

Best said the projections are based on current usage, as detailed in a computerized listing of over 3,000 applications.

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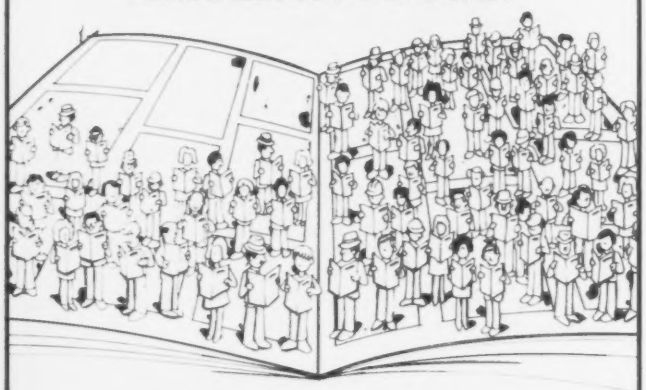

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Viewing L.A. and cars

Professor sees rebirth of design role

LOS ANGELES — All right, trivia buffs, what do the following have in common: Magnolia, Rocket, Coyote Special, Daisy and White Swan?

The answer: They were among 72 makes of cars produced in Los Angeles between 1897 and 1920.

The role of Los Angeles as an automotive design and manufacturing powerhouse, second only to Detroit, has been largely forgotten, according to Dr. Rebecca Morales, an assistant professor in the urban planning program of the UCLA Graduate School of Architecture and Urban Planning.

But, she said, the successes and failures of the past may chart the track to the geographic future of design.

While researching the contributions of workers to the industrial growth of Southern California, Morales became fascinated with the history — and future — of the local auto industry and has completed a monograph on the subject.

Angelenos' love affair with the car began long before there were freeways, or even worthy surface roads, Morales said. By 1903, with 250 cars in use, the city was hailed as the most important automobile center west of Chicago.

From the beginning, Morales said, amateur and professional mechanics applied their ingenuity to handcrafting specialty and racing cars, customizing and coachwork — "fields in which Los Angeles remains supreme."

Morales called that "craft orientation" one of the two main stems of the industry's evolution in Los Angeles.

The second stem was "Fordism," the mass production of cars through the use of moving assembly lines, which started locally in 1913 when Henry Ford opened a plant in downtown Los Angeles.

Both specialized and mass production grew rapidly in the 1920s, and even expanded during the depression.

Between 1929 and 1936, Willys-Overland, Ford, Chrysler and General Motors opened plants in the Los Angeles-Long Beach area. At the same time, Morales said, Los Angeles evolved into the world center for car racing, and the city's coach designers pioneered "Hollywood styling" and the "California-type chassis."

To meet the demand for cars after World War II, Nash, Studebaker and General Motors set up mass-production facilities in 1947, and the last new plant was opened in 1957 by Ford in Pico Rivera.

During the 1950s, seven major assembly plants turned out 650,000 cars a year, but from that peak the decline was as steep and rapid as the earlier growth.

By 1980, the GM plant in Van Nuys was the sole surviving major assembly plant in California (GM and Toyota have since begun building cars in a joint venture in Fremont), and an industry analyst predicted that American auto and parts manufacturing would soon shift altogether to less-developed countries, where labor was cheap.

Morales believes that the doomsayers are wrong. She said the future of the American auto industry lies in integrating the techniques of craft and mass production and that Los Angeles, drawing on its long experience in both fields, "is in a unique position to shape the course of the industry."

Another harbinger of a better future is the opening during the past decade of design facilities by nine major Japanese and domestic auto makers.

PRODUCTION

Car production up 7%

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

U.S. automakers scheduled production of 168,700 cars last week, 7.48 percent more than the previous week's 156,961 but 2.33 percent below the year-ago week's 172,719.

So far this year, 629,523 cars have been assembled, 16.90 percent below the 757,520 completed last year at this point.

Last week's targeted production was split as follows: General Motors, 52.27 percent; Ford Motor Co., 25.30 percent; Chrysler Motors, 12.33 percent; Honda of America Manufacturing Inc., 4.34 percent; New United Motor Manufacturing Inc., 2.37 percent; Nissan Motor Manufacturing Co., U.S.A., 1.73 percent; Volkswagen of America, 1.19 percent; and American Motors, 0.47 percent.

GM has increased its number of indefinite layoffs by 3,000 to 30,000. The company said the layoffs are a result of previously reported scheduled adjustments at various GM assembly and components plants.

GM's Leed's, Mo., plant resumed output today (Feb. 2). The plant was down last week because of a parts shortage.

Two GM plants are idle this week. The Arlington, Texas, facility is closed for installation of paint equipment and is scheduled to resume output Feb. 16, and the Lakewood, Ga., plant will be down for model changeover until early May.

GM slated Saturday (Jan. 31) overtime at three plants: Lansing, Mich.; Linden, N.J.; and Wilmington, Del.

Ford's Lorain, Ohio, plant was scheduled for Saturday overtime. All Ford car plants are slated for daily overtime this week.

Saturday (Feb. 7) overtime is scheduled for Ford's Dearborn, Mich.; Atlanta, Ga.; and Chicago plants.

Chrysler slated overtime last Saturday at Belvidere, Ill.; Newark, Del.; Sterling Heights, Mich.; and Detroit (Jefferson Avenue).

Daily overtime is scheduled this week at Belvidere, Newark and Sterling Heights.

Trucks hold at 76,000 for week

Domestic truck production was scheduled at 76,712 units last week, slightly below (0.21 percent) the previous week's 76,872 but 6.38 percent more than the year-ago week's 72,113.

General Motors' Baltimore and Detroit plants were slated for overtime Saturday (Jan. 31).

Saturday overtime was scheduled at Ford Motor Co.'s Twin Cities, Minn., and Norfolk, Va., plants. All Ford truck plants are slated for daily overtime this week (Feb. 2).

Three Ford plants are scheduled for overtime next Saturday (Feb. 7). They are Wayne, Mich.; Kansas City, Mo.; and St. Louis.

Chrysler Motors' Warren, Mich., plant is slated for daily overtime this week.

Canadian makers boost output

Last week's scheduled output of 21,400 cars in Canada was 7.30 percent more than the previous week's 19,945 and 3.79 percent more than the year-ago week's 20,619.

So far this year, 75,062 cars have been assembled, 13.66 percent below the 86,935 completed last year at this point.

Truckmakers' targeted output of 16,312 units last week, 11.19 percent more than the prior week's 14,671 but 11.84 percent below the year-ago week's 18,503.

On Feb. 16, General Motors will add a second shift at its van plant in Scarborough, Ontario. About 1,000 workers will be recalled. The second shift was dropped last October.

CANADIAN CAR	Week Ended Jan. 31, 1987	Week Ended Feb. 1, 1986	Week Ended Jan. 24, 1987	Jan. to Date	Jan. 1 to Feb. 1, 1986	Jan. 1 to Jan. 31, 1987
AMERICAN MOTORS	150	0	150	603	1,200	603
FORD MOTOR	11,645	11,349	10,505	44,438	50,130	44,438
GENERAL MOTORS	9,280	9,045	8,956	28,744	34,643	28,744
HONDA	100	0	109	354	0	354
VOLVO	225	225	225	923	962	923
Total Cars, Canada	21,400	20,619	19,945	75,062	86,935	75,062

U.S. TRUCK☆	Week Ended Jan. 31, 1987	Week Ended Feb. 1, 1986	Week Ended Jan. 24, 1987	Jan. to Date	Jan. 1 to Feb. 1, 1986	Jan. 1 to Jan. 31, 1987
CHEVROLET	21,902	24,418	21,964	88,974	109,634	88,974
DODGE	4,500	0	4,716	17,723	0	17,723
FORD	32,305	30,025	32,228	129,382	126,947	129,382
GMC	7,926	8,157	7,843	30,218	32,072	30,218
NAVISTA	1,611	1,496	1,540	6,222	6,452	6,222
JEEP	4,450	4,183	4,526	17,667	24,082	17,667
NISSAN	1,668	1,384	1,705	6,842	2,564	6,842
AM GENE	50	50	50	200	222	200
MISCELLA S*	2,300	2,400	2,300	9,200	9,000	9,200
Total Trucks, U.S.	76,712	72,113	76,872	306,428	310,973	306,428

CANADIAN TRUCK	Week Ended Jan. 31, 1987	Week Ended Feb. 1, 1986	Week Ended Jan. 24, 1987	Jan. to Date	Jan. 1 to Feb. 1, 1986	Jan. 1 to Jan. 31, 1987
AMERICAN MOTORS	625	0	589	2,458	0	2,458
CHRYSLER	7,982	8,414	8,162	34,427	39,789	34,427
FORD	3,648	3,615	2,786	13,206	15,535	13,206
GENERAL MOTORS	3,856	6,305	2,915	12,056	25,971	12,056
NAVISTAR	201	169	199	801	737	801
Total Trucks, Canada	16,312	18,503	14,671	62,948	82,032	62,948
N. American Trucks	93,024	90,616	91,543	369,376	393,005	369,376

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Jan. 31, 1987	Week Ended Feb. 1, 1986	Week Ended Jan. 24, 1987	Jan. to Date	Jan. 1 to Feb. 1, 1986	Jan. 1 to Jan. 31, 1987
AMERICAN MOTORS	800	0	837	3,137	2,823	3,137
Renault Total	800	0	837	3,137	2,823	3,137
Alliance	800	0	837	3,137	2,378	3,137
Encore	0	0	0	0	445	0
CHRYSLER MOTORS	20,800	31,325	23,039	94,691	135,428	94,691
Plymouth Total	7,800	8,711	8,889	35,962	38,567	35,962
Horizon	3,200	2,990	3,545	14,229	14,104	14,229
Sundance	1,900	0	1,910	8,125	0	8,125
Reliant	1,700	4,149	2,339	9,326	17,656	9,326
Caravelle	1,000	1,180	1,095	4,282	5,692	4,282
Gran Fury	0	392	0	0	1,115	0
Chrysler Total	4,500	11,833	5,096	20,418	49,907	20,418
Laser	0	1,085	0	0	4,672	0
LeBaron K	1,200	2,982	1,337	6,077	12,208	6,077
LeBaron J	1,400	0	1,556	5,496	0	5,496
LeBaron GTS	500	2,520	635	2,657	10,514	2,657
New Yorker/E-Class	1,400	1,517	1,568	6,188	7,058	6,188
Fifth Avenue	0	3,729	0	0	15,455	0
Dodge Total	8,500	10,781	9,054	38,311	46,954	38,311
Daytona	700	1,057	790	2,769	4,574	2,769
Omni	2,800	3,095	2,972	12,309	14,050	12,309
Shadow	1,700	0	1,741	7,417	0	7,417
Aries	1,800	2,602	1,878	9,133	10,682	9,133
Dodge 600	1,000	1,677	1,123	4,340	7,497	4,340
Lancer	500	1,983	550	2,343	8,258	2,343
Diplomat	0	367	0	0	1,893	0
FORD MOTOR	42,680	35,298	41,571	168,093	149,538	168,093
Ford Division	28,800	23,853	28,605	114,578	100,913	114,578
Escort	7,513	7,744	6,932	29,586	34,110	29,586
Mustang	4,600	4,103	4,858	18,249	17,581	18,249
Tempo	4,113	4,029	4,148	16,386	18,746	16,386
Taurus	9,831	4,334	10,061	39,942	14,637	39,942
Thunderbird	2,743	3,643	2,606	10,415	15,839	10,415
L-M Division	13,880	11,445	12,966	53,515	48,625	53,515
Mercury Total	9,816	7,755	9,303	37,805	32,717	37,805
Lynx	1,308	1,531	1,124	5,015	6,756	5,015
Capri	0	283	0	0	1,967	0
Topaz	1,396	1,371	1,359	5,409	6,316	5,409
Cougar	4,127	2,431	3,861	15,566	10,408	15,566
Sabie	2,985	2,139	2,959	11,815	7,270	11,815
Lincoln Total	4,064	3,690	3,663	15,710	15,908	15,710
Continental	407	410	376	1,578	1,900	1,578
Lincoln	3,048	2,767	2,747	11,782	11,939	11,782
Mark VII	609	513	540	2,350	2,069	2,350
GENERAL MOTORS	88,191	97,752	75,617	301,352	429,201	301,352
Buick Total	14,750	14,551	14,827	55,922	72,653	55,922
Skyhawk	0	1,864	2,020	4,094	8,172	4,094
Century	4,435	4,750	3,200	16,660	25,742	16,660
Regal	1,847	1,056	1,843	3,690	4,167	3,690
Somerset/Skylark	2,225	2,268	2,202	8,855	9,308	8,855
LeSabre (fwd)	2,284	1,963	1,932	9,020	6,716	9,020
LeSabre/Electra (rwd)	380	214	383	2,536	1,006	2,536
Electra (fwd)	2,716	2,123	2,462	7,825	15,645	7,825
Riviera	863	313	785	3,242	1,897	3,242
Cadillac Total	7,953	7,429	7,216	29,035	26,606	29,035
Cimarron	552	358	546	2,182	1,902	2,182
Allante	50	0	45	167	0	167
Brougham (rwd)	1,680	2,085	1,466	6,464	4,758	6,464
DeVille (fwd)	4,000	4,372	3,596	13,955	16,560	13,955
Eldorado	411	347	366	1,822	1,999	1,822
Seville	1,260	267	1,197	4,445	1,387	4,445
Chevrolet Total	33,700	33,449	26,184	103,625	150,594	103,625
Chevette	0	2,641	0	0	11,873	0
Camaro	3,091	4,902	3,085	6,176	21,765	6,176
Cavalier	8,145	9,310	4,945	28,645	41,788	28,645
Celebrity	8,525	6,233	7,027	32,561	26,244	32,561
Corsica/Beretta	6,289	0	3,815	17,087	0	17,087
Monte Carlo	1,827	2,622	1,797	3,624	11,917	3,624
Chevrolet	5,183	7,741	4,875	12,956	37,007	12,956
Corvette	640	0	640	2,576	0	2,576
Oldsmobile Total	14,981	24,387	14,220	56,698	106,122	56,698
Firenza	0	937	1,056	2,335	4,449	2,335
Calais	2,575	3,151	2,505	10,241	13,676	10,241
Cutlass Ciera	4,245	6,280	3,189	15,936	31,147	15,936
Cutlass Supreme	346	4,988	354	700	20,074	700
88 (fwd)	4,966	4,690	4,479	16,836	18,516	16,836
88 (rwd)	360	477	422	1,703	2,906	1,703
Olds 98	1,868	3,621	1,639	6,606	14,007	6,606
Toronado	621	243	576	2,341	1,347	2,341
Pontiac Total	16,807	17,936	13,170	56,072	73,226	56,072
Acadian*	0	209	0	0	761	0
Fiero	950	2,389	666	1,616	4,734	1,616
1000	0	502	0	0	2,694	0
Firebird	2,359	2,694	2,325	4,684	11,577	4,684
2000 Sunbird	2,816	2,688	0	8,492	12,549	8,492
Grand Am	5,210	4,418	5,247	20,620	19,143	20,620
6000	1,935	3,021	1,348	7,080	12,052	7,080
Bonneville	3,200	0	3,243	12,902	0	12,902
Safari/Parisienne	337	2,015	341	678	9,716	678
HONDA	7,315	3,656	6,837	28,306	16,388	28,306
Civic	2,996	0	2,996	12,809	0	12,809
Accord	4,319	3,656	3,841	15,497	16,388	15,497
NISSAN	2,914	1,718	2,943	11,714	8,943	11,714
NUMMI	4,000	2,970	4,117	16,249	8,000	16,249
Corolla	750	0	837	3,335	0	3,335
Nova	3,250	2,970	3,280	12,914	8,000	12,914
VOLKSWAGEN	2,000	0	2,000	5,981	7,199	5,981
Golf/GTI	1,750	0	1,750	5,231	7,199	5,231
Jetta	250	0	250	750	0	750
Total Cars, U.S.	168,700	172,719	156,961	629,523	757,520	629,523
Total Cars, Canada	21,400	20,619	19,945	75,062	86,935	75,062
N. American Cars	190,100	193,338	176,906	704,585	844,455	704,585
N. American Trucks	93,024	90,616	91,543	369,376	393,005	369,376
North American Cars and Trucks	283,124	283,954	268,449	1,073,961	1,237,460	1,073,961

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

Output dips slightly for Japan in '86

TOKYO — Japan's production of cars, trucks and buses in 1986 totaled 12,259,817 units, a decline of 0.1 percent from 12,271,095 in 1985.

The Japan Automobile Manufacturers Association said it was the first decline since 1982.

The association attributed last year's dip to a slowdown in exports resulting from the yen's sharp rise against the U.S. dollar. The strong yen has eroded the competitiveness of Japanese cars in overseas markets by forcing automakers to increase prices.

Japanese manufactures last year produced a record 1,322,418 knockdown kits, up 32.1 percent from 1985. JAMA said it reflected increased overseas assembly.

The association reported that production of completely built vehicles dropped 3.2 percent in December to 984,012 units, compared with 1,016,194 units in 1985. December's output included 627,593 cars, 352,897 trucks and 3,522 buses.

Toyota Motor Corp. produced the most vehicles in 1986. Its total was 3,660,167, down 0.1 percent from the previous year's 3,665,622 units.

Nissan Motor Co.'s output amounted to 2,242,995, compared with 2,500,088 the year before — a drop of 10.3 percent.

Honda moved into third place among the auto producers with 1,236,398 units. That was an increase of 10.4 percent over 1985's output of 1,120,311 units.

Mazda Motor Corp. produced 1,195,625 vehicles, up 0.2 percent over the year-before total of 1,193,692.

Mitsubishi Motors Corp. production increased 2.2 percent to 1,177,975, compared with 1,152,777 in 1985. Suzuki Motor Co. produced 872,411 vehicles in 1986, an increase of 11.6 percent above the year-earlier total of 781,901.

Fuji Heavy Industries produced 628,303 units, up 7.5 percent over the year-before total of 584,384. Daihatsu Motor Co. produced 602,519 units in 1986, up 4.1 percent over 578,937 in 1985. Isuzu Motors production was 554,900, a decline of 5.5 percent from 587,015 units in 1985.

Hino Motor Co. produced 55,114 trucks and buses in 1986, a decrease of 20.2 percent from the year-before output of 69,063. Nissan Diesel Motor Co.'s production of trucks and buses totaled 32,703 units, compared with 36,351 the year before, a 10.0 percent decline.

Porsche taps tire makers

STUTTGART, West Germany — The Bridgestone 1 V-rated high-performance tire has been picked by Porsche as the original equipment tire for its 959 model. The tire will be fitted on the first 135 cars of the 250 cars to be produced. The tire is designed to handle speeds of up to 200 mph.

Goodyear's high-performance radial, the Eagle VR, has been approved by Porsche for original equipment on six of its models. The tire, produced by Goodyear in West Germany, will be standard on the 911 Carerra, 911 Turbo, 924S, 928S, 944 and 944 Turbo models.